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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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February 14, 1994

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: *Ex Parte* Statement: CC Docket No. 92-77

Dear Mr. Caton:

In light of recent *ex parte* submissions concerning billed party preference ("BPP"), VISA U.S.A., Inc. ("VISA") submits this letter to clarify the processing of commercial credit cards under BPP.

In their recently proposed BPP Service Description, MCI, Southwestern Bell, GTE and Pacific Bell¹ indicate a willingness to accept commercial credit cards under BPP provided that "technical issues such as those related to conflicting number formats and implementation of LIDB-like database for validation of these cards" can be resolved.² As VISA has long maintained, these technical concerns are much overstated and may create the misimpression that the processing of commercial credit cards under BPP would be technically difficult. That is simply not the case.

First, in the United States alone, more than 2,837,551,000 transactions are consummated each year using a VISA card. The database VISA has developed to authorize these transactions can readily accommodate the need to store and retrieve information relating to the cardholder's preferred interexchange carrier (or carriers) and VISA has the ability to make whatever network modifications may be necessary to interconnect its database to the LEC

¹ *In the Matter of Billed Party Preference for 0+ InterLATA Calls*, Ex Parte Letter from Michael K. Cahill to William F. Caton, Billed Party Preference Service Description (Dec. 23, 1993) ("BPP Service Description").

² *Id.* at p. 2.

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Operator Service System ("OSS"). From an operational standpoint, therefore, VISA's credit card database will be functionally equivalent to a LEC line information database ("LIDB") under BPP. Indeed, the call flow summary set forth in the BPP Service Description for CIID and 89 Format cards is *exactly* the same as would be used to process a 0+ call billed to a commercial credit card.³

Second, Northern Telecom is currently working to resolve any technical issues relating to the different numbering formats of commercial credit cards and some telecommunications calling cards.⁴ When it recently contacted Northern Telecom regarding this matter, VISA was assured that Northern Telecom plans to issue its technical reference on the processing of 0+ calls billed to a commercial credit card as scheduled in the Fall of 1994.⁵ As we earlier reported, this technical reference will likely include a selective time out feature, a software modification that will enable the LEC OSS to read and capture variable length cards in the event of a duplicate number sequence. For example, the digits "510" at the beginning of card sequence could indicate either a Pacific Bell line-based calling card or a commercial credit card. Under the software modification currently contemplated by Northern Telecom, the LEC OSS would assume that the card was a commercial credit card -- and send the information to the appropriate database for validation and carrier selection -- if the caller inputs a card number containing more than 14 digits.

In sum, given Northern Telecom's apparent resolution of the card formatting issue and the ability of commercial credit card companies to modify their databases to interact with the LEC network in the same manner as a LIDB database, there is no reason to delay implementation of commercial credit card

³ See BPP Service Description at Appendix A, p. 12 (CIID and 89 Format Cards - Option 2).

⁴ We note in this regard that commercial credit cards and 891 calling cards share the same numbering format, which is the ISO/ANSI standard.

⁵ Further evidence of the technical feasibility of commercial credit card processing is AT&T's recent introduction of its "personal choice" calling cards. These cards, which allow the customers to select the number of digits, demonstrates that the system already has the capability to handle variable length card numbers without apparent compromise to AT&T's high network standards.

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acceptance in the first phase of BPP.⁶ Indeed, MCI, Southwestern Bell, GTE and Pacific Bell include the ability to accept commercial credit cards as a benefit of their proposed BPP Common Service Design.⁷

Although other card issuers may have technical or business difficulties with the implementation of BPP, the great majority of card issuers will be able to participate using the approach described in this letter. American Express' proposed "solution" for the processing of its cards under BPP appears to be at odds with industry plans for commercial credit card acceptance.⁸ The Commission should not allow thorny issues of state law preemption to preclude implementation of commercial credit card acceptance in the first phase of BPP. Such a result would be contrary to the public interest, which is best served by affording consumers maximum choice among diverse billing options.

⁶ For a more detail description of commercial credit card processing see Comments of MasterCard International Incorporated and VISA U.S.A., Inc., CC Docket 92-77 (July 7, 1992); Reply Comments of MasterCard International Incorporated and VISA U.S.A., Inc. (Aug. 27, 1992). In addition, numerous other parties filing comments in this proceeding recognize the feasibility and benefits of commercial credit card processing under billed party preference. *See e.g.*, Ex parte letter from Celia Nogales to William F. Caton, CC Docket 92-77, Billed Party Preference Common Service Design at 2 (Jan. 5, 1994); Comments of the Ameritech Operating Companies at 11, Comments of Southwestern Bell Telephone Company at 21, Comments of GTE at 10, Comments of Sprint Corporation at 33; Comments of Michigan Public Service Commission Staff at 6, Comments of the Florida Public Service Commission at 7, Comments of MessagePhone, Inc. at 32; Reply Comments of Pacific Bell and Nevada Bell at 6 (stating that "the technology exists to recognize credit cards within the operator service switch"). Reply Comments of Pacific Bell and Nevada Bell, filed July 7, 1992, at 6; Reply Letter of Citibank, filed August 27, 1992, at 2; Reply Letter of The Chase Manhattan Bank, filed August 26, 1992, at 1-2; Reply Letter of First Chicago, filed September 11, 1992.

⁷ Ex Parte Letter from Celia Nogales to William F. Caton, Billed Party Preference Common Service Design at 2 (Jan. 5, 1994).

⁸ Ex Parte Letter from Patrick J. Whittle to William F. Caton (Dec. 8, 1993)

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The original and two copies of this letter are being filed today as required by Section 1.1206(a) of the Commission's rules. If you have any questions or would like further information regarding commercial credit card acceptance, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script that reads "Debra Lagapa". The signature is written in black ink and is positioned above the printed name.

Debra L. Lagapa

Counsel for VISA U.S.A., Inc.

cc: Gary Phillips
Mark Nadel

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